



24 July 2013

Essential Services Commission of Victoria  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

By email: [fitreview@esc.vic.gov.au](mailto:fitreview@esc.vic.gov.au)

## **Minimum Electricity Feed-In Tariffs for Application 1 January to 31 December 2014 Draft Decision**

Alinta Energy Retail Sales Pty Ltd (**Alinta Energy**) welcomes the opportunity to comment on the Essential Services Commission of Victoria (the **Commission**) Draft Decision on the Minimum Electricity Feed-in Tariffs for application from 1 January to 31 December 2014 (**Draft Decision**).

Alinta Energy is both a generator and retailer of electricity and gas in Western Australia and the Eastern States energy markets. It has over 2500MW of generation facilities and in excess of 700,000 retail customers, including around 108,000 customers in Victoria and South Australia. As an incumbent retailer in Western Australia and a new entrant retailer in the National Energy Market, Alinta Energy is well placed to comment on the Commission's Draft Decision.

We note the Commission's Draft Decision is to adopt the minimum feed-in tariff (**FiT**) rate of 8.0c/kWh for the 2014 calendar year and that this is a continuation of the existing level of the minimum FiT rate currently applicable in Victoria.

Alinta Energy's preferred position is for the deregulation of the FiT rate in Victoria, as it is our view that a well-functioning competitive market (like Victoria) can provide greater protection and long term benefits for consumers and this would also be true for the FiT market

Further, where the FiT is set and does not cover the reasonable costs/benefits of the energy bought from solar customers, those customers are likely to have limited retail offers available to them as a direct result. These customers may therefore miss out on better energy discounts off their entire bill as not all retailers are prepared to sell to customers on the FiT where it is set too low.

Alinta is of the view the 8.0c/kWh FiT does not cover the reasonable cost/benefit to retailers of solar, as:

- Roof top solar power is not a *firm* source of power supply and therefore retailers cannot rely on it in all trading intervals. Accordingly, the value of solar as a hedge should be discounted accordingly;
- The high administrative costs involved in managing customer accounts where there is a FiT applied; and



- The Commission's own modelling shows the value of FiT should be below 8.0c/kWh.

Alinta therefore supports a reduction in the FiT from 8.0c/kWh.

Should you wish to discuss any aspect of our submission I may be contacted on (02) 9372 2653, or via email: [shaun.ruddy@alintaenergy.com.au](mailto:shaun.ruddy@alintaenergy.com.au)

Yours sincerely

**Shaun Ruddy**  
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